



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

THE CHIEF FINANCIAL OFFICER

MEMORANDUM

DATE: June 24, 2004

TO: Chief State School Officers

FROM: Jack Martin *Jack Martin*

SUBJECT: Monitoring Grant Financial Data in the Grant Administration and Payment System (GAPS)

As you may know, the Department of Education has made significant efforts over the last several months to assist State Educational Agencies (SEAs) and other grantees in improving their management of fund balances under the Department's Grant Administration and Payment System. We have undertaken these efforts both to assist SEAs and their subgrantees in obligating funds within the extended obligation period authorized under the Tydings Amendment for State-administered programs and to prevent the unnecessary cancellation of funds five years after the availability for Federal obligation ends.

This memorandum is intended to notify you of two issues. First, there are some jurisdictions that currently hold substantial balances of Fiscal Year 2002 program funds. These funds will no longer be available for obligation after September 30, 2004, a little more than three months away.

I wanted to bring these balances to your attention because, while the time available to obligate FY 2002 funds grows shorter, there is still time for you to take steps to ensure that your agency and its subgrantees make appropriate obligations before that date. I have attached a table listing jurisdictions, programs, and GAPS balances that we believe may be at risk of not being obligated by the end of the fiscal year. These funds include Title I and IDEA Part B unexpended balances of greater than 10 percent of the original grants, and other formula grant programs with unexpended balances greater than 15 percent of the original Federal obligation.

Second, if they have not yet done so, Department program officers will contact you shortly regarding funds that may revert to Treasury on October 1, 2004. As you may know, in FY 2003 a total of \$154.7 million in formula and discretionary grant funds reverted to Treasury in accordance with 31 U.S.C §1552(a), which states, in essence, that an account available for a definite period is canceled on September 30, five fiscal years after its availability for obligation by the Federal government ends. Any remaining balance in the account reverts to Treasury the following day, October 1.

400 MARYLAND AVE., S.W., WASHINGTON, D.C. 20202-4300
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Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

The Department regards canceled funds as a serious matter. There were jurisdictions that had more than two percent of their original formula grant funds canceled at the end of FY 2003. To bring greater attention by all grantees to this problem, next month the Secretary of Education plans to release to members of Congress a summary report, by State, of funds that may revert to Treasury on October 1, 2004, and will advise them of the Department's efforts to contact the affected grantees. I hope that, through our efforts and yours, we can ensure that your agency and its subgrantees will utilize fully all of the available Federal resources to ensure that no child is left behind.

Copies:

Sally Stroup, Office of Postsecondary Education
Deborah Price, Office of Safe and Drug-Free Schools
Nina S. Rees, Office of Innovation and Improvement
Susan Sclafani, Office of Vocational and Adult Education
María Ferrier, Office of English Language Acquisition
Raymond Simon, Office of Elementary and Secondary Education
Troy R. Justesen, Office of Special Education and Rehabilitative Services
Victoria Vasques, Office of Indian Education
Laurie M. Rich, Office of Intergovernmental and Interagency Affairs

Attachments:

Table—Large Unexpended Balance Detail Report